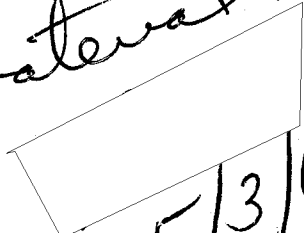


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**UNITED STATES CIVIL SERVICE COMMISSION**

**BUREAU OF RETIREMENT AND INSURANCE**

**WASHINGTON 25, D.C.**

March 1, 1963

RI:GFB:lbg

**HEALTH BENEFITS OFFICER INFORMATION BULLETIN NO. 1**

Health Benefits Officers are our main points of contact with departments and agencies on health benefits matters. Therefore, we are starting this series of bulletins to keep you informed on current developments in the health benefits program and to call your attention to specific problems on which your assistance would be helpful. We hope that you, in turn, will inform your authorized health benefits officials at the installation level about these matters, as appropriate.

Following are several items which we want to bring to your attention.

1. Inspection of health benefits operations. FPM Bulletin 273-8, dated January 31, 1963, announced that the Commission's inspections have been broadened to include inspection of agency health benefits operations on a pilot study basis. Attached for your information and guidance are copies of the Supplementary Reporting Form and instructions to our inspectors for the pilot study inspections. You may want to duplicate this material and make it available to authorized health benefits officials for use in self-evaluating their health benefit operations.
2. Renewal of medical certificates. As instructed in the Health Benefits Manual, the employing office's decision regarding the length of time for which a medical certificate for an incapable-of-self-support husband or over-age-19 child is determined to be in effect should be stated in Remarks on the SF 2809 (for example: "Incapable of self-support--1 year" or "Incapable of self-support--permanent"). For cases in which medical certificates are approved for a limited period of time, employing offices should establish follow-up files to remind employees in advance of the expiration of the medical certificates and their need for renewing them. This is important as it affects the amount of the Government's contribution for a female employee with a family enrollment, and it affects an over-age-19 child's entitlement to benefits.

Insofar as the health benefits carrier is concerned, an over-age-19 child automatically loses coverage on the date a medical certificate for him expires unless the carrier is notified, as instructed on Page 48 of the Manual, that the certificate has been renewed. The carrier is not obligated to notify the employee that the child is no longer covered, and unless the employee and the employing office are alert to such situations, the child may lose his conversion right. Employing offices should be reminded of the proper procedures in these cases.

3. Errors in retirement and death cases. We recently spot-checked a number of retirement and death claim cases and found that agency installations are making some errors in the health benefits actions they take when an employee dies or retires, and the health benefits enrollment is transferred to us.
  - a. Completion of SF 2810 - The SF 2810 often is not properly completed. Please remind your employing and payroll offices that instructions for completing Form 2810 are given on the back of the last copy of that Form, and are supplemented by instructions in the Manual, and that these instructions should be followed strictly in completing the forms.
  - b. Completion of Preliminary 2806 - We also found disability retirement cases in which agencies either failed to indicate health benefit status on the preliminary SF 2806 (Individual Retirement Record) or gave the wrong information. When an employee applies for disability retirement, his health benefits enrollment code and carrier's control numbers should be recorded on the preliminary SF 2806 only if he appears eligible to continue enrollment as an annuitant. This notation on the 2806 is, in effect, the agency's temporary certification that the employee appears eligible to continue enrollment after retirement, and we will continue the enrollment when we tentatively allow the case based on the preliminary 2806.

If the employee is not eligible to continue enrollment, the preliminary 2806 should be noted "Not eligible to continue health benefits," and the enrollment code and carrier's control numbers should not be given, so that we do not continue the enrollment upon tentative allowance and erroneously withhold health benefits deductions from annuity. These procedures are stated on Pages 62 and 63 of the Manual, and if agencies will observe them, the transition to annuity status will be smoothed for their employees.

4. Transmittal and Summary Report to Carrier - SF 2811. Many payroll offices are still filing this report with carriers on the old form. FPM Letter 890-4, dated May 15, 1962, announced a redesigned SF-2811 effective July 1, 1962 and it is illustrated on Page 106 of the Health Benefits Manual. Other payroll offices, while reporting on the redesigned form, are also submitting so-called quarterly reports to carriers. These quarterly reports are no longer necessary since the redesigned form provides a means for payroll offices to maintain a perpetual inventory of enrollees by enrollment code based on SFs 2809 and 2810 transmitted to the carriers. Payroll offices should be reminded of this change in reporting requirements.
  
5. Channeling agency questions to Health Benefits Officers. We want to encourage installation employing and payroll offices to direct their health benefits questions to their agency Health Benefits Officers whenever possible. These questions are now relatively few and we believe the Health Benefits Officers should know about them as the answers may apply, or be of interest, throughout the agency. To this end, the new Health Benefits Manual, which will be issued later this year as FPM Supplement 890-1 under the Commission's new issuance system, will state that agency installations should send their questions about the health benefits program to the Health Benefits Officer in their agency headquarters office, who may refer questions to the Commission's Bureau of Retirement and Insurance. (Similar statements will be in Supplements 831-1 on Retirement and 870-1 on Life Insurance.)

We invite you (and your headquarters employing and payroll offices) to call the Bureau of Retirement and Insurance for advice and assistance on health benefits problems. Call either Mr. Brown or Mr. Borchers on Code 129, Extension 4886 or 4887. If you feel that an on-the-spot discussion with you or with personnel handling your health benefits program, will be of greater help to you, we will be glad to arrange to have one of our staff members visit with you and give the necessary assistance.

Sincerely yours,

*Andrew E. Ruddock*

Andrew E. Ruddock  
Director

## Inspection Procedures for Pilot Coverage of Agency Health Benefits Operations

Agency health benefits operations will be a mandatory coverage item in all general inspections conducted February 18 - April 12 of 1963. Because coverage of this area is being implemented on a pilot basis only, it will not at this time be included either in post office inspections or in the special inquiries programed for this Fiscal Year. In the following pages are the procedural instructions and a sample of the reporting form to be used in accomplishing this coverage.

### Background

The Commission has responsibility for continuing analysis and review of the operation of the Federal Employee Health Benefits Program, and for making necessary changes in instructions and regulations. During initial implementation and the first two years of operation of this program, close liaison between the Commission and agency operations was maintained through Health Benefits Representatives. Especially in the field, these representatives through day-to-day contact with individual Federal employees, representatives of the insuring companies, and agency officials, were able to supply the Commission with needed feedback information. They also evaluated agency health benefits operations, advising on corrective action when deficiencies were identified, and acted as expert advisors to agency officials in most matters pertaining to health benefits.

It was determined, however, that program needs in this area did not require the continuance of Health Benefits Representative positions in the field. With the abolition of the HBR positions, it was also decided that agency health benefits operations would in the future be reviewed through the inspection process as part of the agency's personnel management program.

### Objectives

Our review of this area has the following objectives:

1. To continue providing to the extent possible on-site assistance to agencies in operating the health benefits program.
2. To obtain information needed for determining the overall effectiveness of agency operation of the program.
3. To assure agency compliance with procedural requirements of the program, particularly with regard to whether employees are being given all necessary information about the program and whether the proper forms are being correctly executed in a timely manner.

### Preparation for Inspection

Prior to making inquiry into this area, Commission representatives should thoroughly familiarize themselves with the Health Benefits Manual.

### Conduct of the Inspection

A supplementary reporting form has been prepared to facilitate factfinding and reporting (pages 4 and 5 of this attachment). Unless there are adverse findings, this form will carry all information pertaining to agency health benefits operations. Any adverse findings will, of course, be communicated to the agency under appropriate program elements in Part I of the inspection report.

It is anticipated that adequate coverage of this area may be normally achieved without contacts other than those required for coverage of other personnel management program areas.

Most information for completing Part II of the supplementary form will be gained in the normal regulatory review of a sample of personnel folders. This, coupled with a check of several inactive personnel folders and discussions of procedures followed in handling cancellations, terminations, retirements, etc., with appropriate officials will provide the required information.

One of the primary sources of information needed for completing Part III of the form (Information and Orientation) will, of course, be the relatively new hires to the installation. Extension of the interviews normally conducted with employees under our current sampling procedures (4-15-3), will facilitate getting this information without additional employee contacts.

Discussions with the payroll supervisor and/or clerks handling health benefits actions should provide information required in Part IV of the form. A review of correspondence with health benefits carriers, usually found in SF 2811 file, will disclose whether there have been any problems with the carriers, such as reconciliation of head count, etc.

The inspector should be sufficiently well versed in the health benefits manual to answer the more usual questions concerning procedural aspects of the program. To the extent that questions raised by field installations cannot be resolved through reference to the health benefits manual, the installations should be referred to their headquarters offices for assistance. At the headquarters level, of course, the agency Health Benefits Officer may in turn refer unresolved questions directly to BRI. Situations not covered by the health benefits manual should also be called to the attention of BRI in the "Remarks" section of the reporting form.

Employees or installations with questions pertaining to specific benefits or claims procedures provided in the many health benefits plans should be referred to the local representative of the carrier concerned. If contact has been made with the carrier and satisfaction not resulted, referral to the Bureau of Retirement and Insurance would be in order. The inspector should not attempt to superimpose his judgment on that of the carrier in these matters because ultimate recourse is through the courts, not the Commission. The Commission will intervene only when it appears that a carrier has not fulfilled its contractual obligations.

### Action on Findings

If, in the course of inspection, deficiencies are revealed in agency health benefits operations, the inspector will, of course, attempt to resolve the matter with officials of the installation or office concerned.

Corrective action to bring agency operations in this area into consonance with instructions contained in the Health Benefits Manual will generally be prospective in nature. That is, with one exception, inspectors will normally not require corrective action which has the effect of rolling back the calendar to the time the violation actually occurred. For example, if it is found that ineligible employees were enrolled, and withholdings and contributions were therefore erroneously made, appropriate required action would be termination of enrollment with no retroactive adjustments in withholdings or contributions.

An exception to this general rule, however, would be action required because of a violation of instructions pertaining to Item #10, Part II of the Supplementary Reporting Form (Form IC-64-T). In this case, retroactive adjustment of contributions and withholdings would be required.

### Report of Findings

Findings resulting from the review of agency health benefits operations will be reported under the appropriate program areas in accordance with the general instructions governing the reporting of inspection findings (See page 6-2-5). Detailed information resulting from this review will be entered on Form IC-64-T in conformity with instruction given on pages 6 and 7 of this attachment.

**U. S. CIVIL SERVICE COMMISSION**  
**SUPPLEMENTARY REPORTING FORM - HEALTH BENEFITS**

## PART I

A. INSPECTING OFFICE  
C. TYPE OF INSPECTION

☐ GENERAL  
☐ SPECIAL (SPECIFY)

B. DATE OF REPORT TO AGENCY:

☐ **NATIONWIDE**☐ POST OFFICE

#### D. ESTABLISHMENT AND LOCATION

### E. DATES AT INSTALLATION

### F. INSPECTION PERIOD

### G. EMPLOYEES SERVICED BY PERSONNEL OFFICE

#### H. PERSONNEL FOLDERS REVIEWED

## I. EMPLOYEES INTERVIEWED

## PART II

## FOLDER REVIEW

Yes      No

1. Is there a SF 2809 in the folder of each eligible employee including those who failed to register? .....
2. Were any ineligible employees enrolled? .....
3. Are obvious inconsistencies on SF 2809 and SF 2810 being reconciled? .....
4. Are employing office copies of SF 2809 and SF 2810 legible? .....
5. For any enrollment or change after July 1960, is basis for action indicated either under Remarks or in Part D of SF 2809? .....
6. Were enrollments or changes after July 1960 made within prescribed time limits? .....
7. Is same carrier control number being maintained throughout all enrollment changes within the same plan? .....
8. Are effective dates for enrollments and changes correct? .....
9. Are effective dates for cancellations and terminations correct? .....
10. Is effective date and pay adjustment being made retroactive when female employee belatedly makes change in family enrollment code? .....
11. Are incoming and outgoing transfers being handled promptly and properly so as to provide continuous enrollment for employee and timely notice to carriers? .....
12. Are procedures for self-support determinations being followed and proper notations made on SF 2809? .....
13. Have procedures been set up to insure that all SF 2809's and transfer SF 2810's are submitted along with the SF 2806 for retiring employees and survivor annuitant cases? .....

### PART III

## INFORMATION AND ORIENTATION

**Yes      No**

1. Has establishment designated an Authorized Health Benefits Official? . . . . .
2. Does establishment have any on-going publicity on program? . . . . .
3. Are new employees provided with SF 2809-A?. . . . .
4. Is cover page of SF 2809-A being completed for new employees by establishment? . . . . .
5. Are new employees provided with brochures of the two Government-wide plans, and of all comprehensive plans serving his area? . . . . .
6. Does establishment have available, and supply upon request, brochures for all employee organization plans open to employees of establishment? . . . . .
7. Is a new employee ensured a full opportunity to make a free choice among plans available to him? . . . . .
8. Does information and orientation program appear to be adequate? . . . . .

## PART IV

PAYROLL OPERATIONS

Yes

No

1. Are SF 2809's and SF 2810's being transmitted promptly to carriers? ..... ☐ Yes ☐ No
2. Is effective date of enrollment or change being verified? ..... ☐ Yes ☐ No
3. Is SF 2811 being reconciled with payroll records? ..... ☐ Yes ☐ No
4. Have there been any recent reconciliation problems with carriers? ..... ☐ Yes ☐ No
5. Is four-day rule being applied? ..... ☐ Yes ☐ No
6. Is SF 2812 being submitted with check no later than the same day the payroll checks are dated? ..... ☐ Yes ☐ No
7. Are the number of enrollees covered as reported on SF 2812 for the last payroll paid in June and December derived from Health Benefits Control Register? ..... ☐ Yes ☐ No

## PART V

REMARKS

INSTRUCTIONS FOR COMPLETING FORM IC-64-T  
SUPPLEMENTARY REPORTING FORM - HEALTH BENEFITS

PURPOSE OF FORM

To facilitate factfinding and reporting information as to agency health benefits operations needed for the continuing review and analysis of the program by BRI.

USE OF FORM

Mandatory for all general inspections, including those under nationwide plans, departmental or field. Appropriate parts of IC-64-T will be completed as determined by the extent of authority delegated to the installation inspected.

INSTRUCTIONS FOR COMPLETION

A. General instructions

1. Complete each item under Part I for every general inspection, including nationwides.
2. Check "yes" or "no" as appropriate under Parts II, III, and IV.
3. Complete Part II when personnel folders are maintained at the installation level. Leave blank any of the items not encountered during folder review.
4. Complete Part III for each inspection, as in (1) above.
5. Complete Part IV when payroll office is located at the installation level.

B. Special instructions

1. Part I

Identify the activity and location and give opening and closing dates of inspections, as for CSC Form 29. Item G should reflect the total number of employees physically present at the installation as well as those serviced by the appointing officer. Item H should reflect the number of official personnel folders examined during the regulatory review. Item I should reflect the number of new employees interviewed with regard to health benefits coverage.

2. Part II

Self-explanatory

## 3. Part III and Part IV

Self-explanatory

## 4. Part V

Show the nature of any deficiencies you have recorded and indicate what corrective action was taken. Include the identification of problems which you feel require attention or action above the local level of either the installation or the Commission, the comments of local management officials relative to the operations of the Health Benefits Program, any recommendations of local management for significant changes needed in the program, as well as the recording of any significant developments at any close-out interviews conducted with management.

## 5. Listed below are page numbers in the Health Benefits Manual which carry the Commission instructions governing each item.

Form IC-64 Question Number	PAGE REFERENCES TO HEALTH BENEFITS MANUAL		
	Part II	Part III	Part IV
1	18-21	6	74
2	14-17	-	74
3	54	19	77
4	54	19	77
5	53	19	79
6	19,26-31	10-12	80
7	18	18	82
8	26	-	-
9	35	-	-
10	46	-	-
11	33,57	-	-
12	54	-	-
13	62,66	-	-

NUMBER OF COPIES TO BE PREPARED

Sufficient copies of IC-64-T should be prepared to permit the following distribution:

2 copies to be forwarded with the Reports of Inspections  
sent to the Bureau of Inspections

1 copy for inclusion in the files of the inspecting office,  
along with the inspection report.